



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
VIA FIRST CLASS MAIL

MAR - 9 2007

Ryan Pennington

Seattle, WA 98121-1188

RE: MUR 5898

Dear Mr. Pennington:

On January 26, 2007, the Federal Election Commission ("Commission") found that there is reason to believe you knowingly and willfully violated 2 U.S.C. § 432(b)(3), a provision of the Federal Election Campaign Act of 1971, as amended (the "Act"). This finding was based upon information ascertained in the normal course of carrying out the Commission's supervisory responsibilities. See 2 U.S.C. § 437g(a)(2). The Factual and Legal Analysis, which more fully explains the Commission's findings, is attached for your information.

You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the Office of the General Counsel within 15 days of your receipt of this letter. Where appropriate, statements should be submitted under oath. In the absence of additional information, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

Please note that you have a legal obligation to preserve all documents, records and materials relating to this matter until such time as you are notified that the Commission has closed its file in this matter. See 18 U.S.C. § 1519.

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. §111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent.

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Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Zachary Mahshie, the attorney assigned to this matter, at (202) 694-1650.

Sincerely,



Robert D. Lenhard
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

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FEDERAL ELECTION COMMISSION
FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Ryan Pennington

MUR: 5898

I. INTRODUCTION

This matter was initiated by the Federal Election Commission pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. Based upon such information and the analysis below, there is reason to believe that Ryan Pennington knowingly and willfully violated 2 U.S.C. § 432(b)(3) by commingling political committee funds with the personal funds of an individual.

II. FACTUAL AND LEGAL ANALYSIS

The Washington State Democratic Central Committee ("WSDCC" or "the Committee") is a qualified party committee that is registered with the Commission. According to information provided by the Committee, Mr. Pennington caused Stack of Dimes, a media services vendor in which he was a partner, to invoice WSDCC \$65,000 for services that were apparently worth far less. The following chart lists the relevant payments made by the Committee to Stack of Dimes:

Report	Date of Disbursement	Total
2004 April Monthly	03/31/04	\$17,321.22
2004 12 Day Pre-General	10/01/04	\$9,953.26
2004 30 Day Post-General	10/30/04	\$17,996.75
2004 30 Day Post-General	11/09/04	\$20,000.00
Total:		\$65,271.23

On March 27, 2006, the Committee filed a Miscellaneous Report that clarified the results of its internal investigation, stating that "the Coordinated Campaign Manager embezzled funds

from the [Committee] by having a vendor, Stack of Dimes, . . . bill the WSDCC for computer services never received After the embezzlement was discovered and charges filed, the WSDCC agreed to drop the charges if the funds were returned." WSDCC, Miscellaneous Report to FEC, March 27, 2006. Although the Committee declined to name the suspected embezzler, information indicates that it was Mr. Pennington.¹

The Act prohibits the commingling of committee funds with "the personal funds of any individual." 2 U.S.C. § 432(b)(3). Based upon available information regarding this apparent embezzlement scheme, an investigation is warranted to determine whether Mr. Pennington knowing and willfully commingled the Committee's campaign funds with his own personal funds or with the personal funds of another individual. Accordingly, the Commission finds reason to believe that Ryan Pennington knowingly and willfully violated 2 U.S.C. § 432(b)(3).

¹ A journalist reported that Mr. Pennington was the embezzler. Josh Felt, *Glass Houses*, THE STRANGER, available at <http://www.thestranger.com/seattle/Content?oid=25509> (last visited January 8, 2007). Also, the Committee refers to the embezzler in a public statement filed with the Commission as its "Coordinated Campaign Manager," and Mr. Pennington was a Coordinated Campaign Manager for WSDCC in 2005. See Committee Response, March 27, 2006; <http://www.gwu.edu/~action/2004/states/wadet04.htm> (last visited January 8, 2007).